

Steven J. Pitterle  
Director - Negotiations  
Network Services



**Network Services**  
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June 20, 2001

Mr. David R. Conn  
Deputy General Counsel &  
Vice President Product and Policy  
McLeodUSA Telecommunications Services, Inc.  
6400 C Street SW, P.O. Box 3177  
Cedar Rapids, IA 52406-3177

Re: Requested Adoption Under Section 252(i) of the TA96

Dear Mr. Conn:

Verizon North Inc., f/k/a GTE North Incorporated ("Verizon"), has received your letter stating that, under Section 252(i) of the Telecommunications Act of 1996 (the "Act"), McLeodUSA Telecommunications Services, Inc. ("McLeod") wishes to adopt the terms of the Interconnection Agreement between Direct2Internet Corporation ("Direct2") and Verizon that was approved by the Wisconsin Public Service Commission (the "Commission") as an effective agreement in the State of Wisconsin, as such agreement exists on the date hereof after giving effect to operation of law (the "Terms"). I understand McLeod has a copy of the Terms. Please note the following with respect to McLeod's adoption of the Terms.

1. By McLeod's countersignature on this letter, McLeod hereby represents and agrees to the following three points:
  - (A) McLeod adopts (and agrees to be bound by) the Terms of the Direct2/Verizon agreement for interconnection as it is in effect on the date hereof after giving effect to operation of law, and in applying the Terms, agrees that McLeod shall be substituted in place of Direct2Internet Corporation and Direct2 in the Terms wherever appropriate.
  - (B) Notice to McLeod and Verizon as may be required under the Terms shall be provided as follows:

To: McLeodUSA Telecommunications Services, Inc.  
Attention: Ms. Lauraine Harding  
6400 C Street SW, P.O. Box 3177

Cedar Rapids, IA 52406-3177  
Telephone number: 319-790-6480  
FAX number: 319-790-7901

To Verizon:

Director-Contract Performance & Administration  
Verizon Wholesale Markets  
600 Hidden Ridge  
HQEWMNOTICES  
Irving, TX 75038  
Telephone Number: 972-718-5988  
Facsimile Number: 972-719-1519  
Internet Address: [wmnotices@verizon.com](mailto:wmnotices@verizon.com)

with a copy to:

Vice President and Associate General Counsel  
Verizon Wholesale Markets  
1320 N. Court House Road  
8th Floor  
Arlington, VA 22201  
Facsimile: 703/974-0744

- (C) McLeod represents and warrants that it is a certified provider of local telecommunications service in the State of Wisconsin, and that its adoption of the Terms will cover services in the State of Wisconsin only.
2. McLeod's adoption of the Direct2 Terms shall become effective upon the date of filing of this adoption letter with the Commission (which filing Verizon will promptly make upon receipt of an original of this letter countersigned by McLeod) and remain in effect no longer than the date the Direct2/Verizon agreement terminates. The Direct2/Verizon agreement is currently scheduled to terminate on January 15, 2003. Thus, the Terms adopted by McLeod also shall terminate on that date.
  3. As the Terms are being adopted by you pursuant to your statutory rights under section 252(i), Verizon does not provide the Terms to you as either a voluntary or negotiated agreement. The filing and performance by Verizon of the Terms does not in any way constitute a waiver by Verizon of any position as to the Terms or a portion thereof, nor does it constitute a waiver by Verizon of all rights and remedies it may have to seek review of the Terms, or to seek review in any way of any provisions included in these Terms as a result of McLeod's 252(i) election.
  4. On January 25, 1999, the Supreme Court of the United States ("Court") issued its decision on the appeals of the Eighth Circuit's decision in *Iowa Utilities Board*.

Specifically, the Supreme Court modified several of the FCC's and the Eighth Circuit's rulings regarding unbundled network elements and pricing requirements under the Act. *AT&T Corp. v. Iowa Utilities Board*, 119 S. Ct. 721 (1999). Certain provisions of the Terms may be void or unenforceable as a result of the Court's decision of January 25, 1999, the United States Eighth Circuit Court of Appeals' decision in Docket No. 96-3321 regarding the FCC's pricing rules, and the current appeal before the U.S. Supreme Court regarding the FCC's new UNE rules.

Moreover, nothing herein shall be construed as or is intended to be a concession or admission by Verizon that any provision in the Terms complies with the rights and duties imposed by the Act, the decisions of the FCC and the Commissions, the decisions of the courts, or other law, and Verizon expressly reserves its full right to assert and pursue claims arising from or related to the Terms.

5. Verizon reserves the right to deny McLeod's adoption and/or application of the Terms, in whole or in part, at any time:
  - (a) when the costs of providing the Terms to McLeod are greater than the costs of providing them to Direct2;
  - (b) if the provision of the Terms to McLeod is not technically feasible; and/or
  - (c) to the extent that Verizon otherwise is not required to make the Terms available to McLeod under applicable law.
6. For avoidance of doubt, please note that adoption of the Terms will not result in reciprocal compensation payments for Internet traffic. Verizon has always taken the position that reciprocal compensation was not due to be paid for Internet traffic under section 251(b)(5) of the Act. Verizon's position that reciprocal compensation is not to be paid for Internet traffic was confirmed by the FCC in the Order on Remand and Report and Order adopted on April 18, 2001 ("*FCC Remand Order*"), which held that Internet traffic constitutes "information access" outside the scope of the reciprocal compensation obligations set forth in section 251(b)(5) of the Act.<sup>1</sup> Accordingly, any compensation to be paid for Internet traffic will be handled pursuant to the terms of the *FCC Remand Order*, not pursuant to adoption of the Terms.<sup>2</sup> Moreover, in light of the *FCC Remand Order*, even if the Terms include provisions invoking an intercarrier compensation mechanism for Internet traffic, any reasonable amount of time permitted for adopting such provisions has expired under the FCC's rules implementing section 252(i) of the Act.<sup>3</sup>

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<sup>1</sup> Order on Remand and Report and Order, In the Matters of: Implementation of the Local Competition Provisions in the Telecommunications Act of 1996 and Intercarrier Compensation for ISP-Bound Traffic, CC Docket No. 99-68 (rel. April 27, 2001) ¶44.

<sup>2</sup> For your convenience, an industry letter distributed by Verizon explaining its plans to implement the *FCC Remand Order* can be viewed at Verizon's Customer Support Website at URL [www.verizon.com/wise](http://www.verizon.com/wise) (select Verizon East Customer Support, Resources, Industry Letters, CLEC).

<sup>3</sup> See, e.g., 47 C.F.R. Section 51.809(c).

7. Should McLeod attempt to apply the Terms in a manner that conflicts with paragraphs 3-6 above, Verizon reserves its rights to seek appropriate legal and/or equitable relief.

Please arrange for a duly authorized representative of McLeod to sign this letter in the space provided below and return it to the undersigned.

Sincerely,

VERIZON NORTH INC.

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Steven J. Pitterle  
Director – Negotiations  
Network Services

Reviewed and countersigned as to points A, B, and C of paragraph 1:

MCLEODUSA TELECOMMUNICATIONS SERVICES, INC.

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(SIGNATURE)

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(PRINT NAME)

c: R. Ragsdale – Verizon